

HITP - 038

**TEMPORARY
PERMISSION
2013-2014**

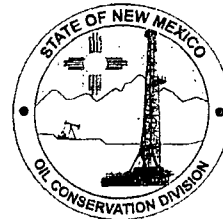
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 17, 2013

Ms. Melissa Ritchie
Encana Oil & Gas (USA), Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202

Re: Hydrostatic Test Individual Temporary Permission HITP-038
Encana Oil & Gas (USA), Inc.
Lybrook Trunk Line Phase 1 Project
Location: Unit N of Section 2, Township 22 North, Range 6 West, NMPM,
Sandoval County, New Mexico

Dear Ms. Ritchie:

The Oil Conservation Division (OCD) has received Encana Oil & Gas (USA), Inc.'s (Encana) notice of intent, dated April 15, 2013, for authorization to collect and dispose of approximately 24,000 gallons of wastewater generated from a hydrostatic test of an approximately 8 miles (41,600 feet) of an new 6-inch natural gas gathering and transmission pipeline system, located approximately 12 miles south-southeast of Lybrook, New Mexico. The proposed collection location is within Encana's pipeline right-of way in Unit N of Section 2, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. No surface discharge is proposed by Encana. The hydrostatic test wastewater will be discharged directly into an OCD approved C-133 hauler and delivered to Basin Disposal, Inc.'s Class II injection well for injection and disposal. OCD acknowledges the receipt of the filing fee (\$100.00) from a submittal dated April 15, 2013. This permit will not become effective until OCD receives the temporary permission fee of \$150.00 pursuant to 20.6.2.3114 NMAC. Please make the check payable to the Water Quality Management Fund.

Based on the information provided in the request, temporary permission is hereby granted for the collection, retention, and disposal of the hydrostatic test wastewater generated from the pipeline test with the following understandings and conditions:

1. Encana will be testing approximately 8 miles (41,600 feet) of an new 6-inch natural gas gathering and transmission pipeline system, located approximately 12 miles south-southeast of Lybrook, New Mexico;

2. Encana shall ensure no discharge will occur at the hydrostatic test wastewater collection/discharge location: within Encana's pipeline right-of way in Unit N of Section 2, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico;
3. Encana will acquire the hydrostatic test water from the following source(s): Lybrook Water Users Association, Lybrook, New Mexico;
4. Encana will generate approximately 24,000 gallons of hydrostatic test wastewater from the test event that will be slowly discharged via a system of flexible hoses and temporary piping directly into an OCD approved C-133 hauler, while awaiting transfer, injection and disposal at Basin Disposal, Inc.'s Class II injection well (NM1-005/API# 30-045-26862 /SWD Order R-8524);
5. Encana will have personnel on-site to oversee and control the transfer and utilize collection pans placed below the collection points to prevent an unauthorized release;
6. Encana will not discharge any hydrostatic test wastewater generated from the test event to the ground or within the easement right-of-way;
7. Encana will not be analyzing the hydrostatic test wastewater because of the following: there will be no discharge the wastewater to the surface or surface water; the wastewater has been demonstrated to be RCRA exempt waste and the proposal is to transfer the wastewater to either Basin Disposal, Inc.'s Class II injection well (NM1-005/API# 30-045-26862 /SWD Order R-8524) for injection and disposal;
8. Encana will ensure the transfer the hydrostatic test wastewater via an OCD approved C-133 water hauler to Basin Disposal, Inc.'s Class II injection well for injection and disposal;
9. Encana shall remove all hydrostatic test wastewater from the collection/retention location within ten (10) calendar days of the completion of the hydrostatic test;
10. Encana shall restore any surface area impacted or disturb from the approved activities;
11. Encana shall implement best management practices to prevent unauthorized releases during the transfer/collection activities;
12. Encana shall ensure that the transfer/collection activities do not cause any fresh water supplies to be degraded or to exceed standards as set forth in Subsections A, B, and C of the 20.6.2.3103 NMAC (the New Mexico Water Quality Control Commission Regulations);
13. Encana must properly notify the landowner(s) of the proposed collection/retention of the approved activities prior to the hydrostatic test event; and
14. Encana shall report all unauthorized discharges, spills, leaks and releases of hydrostatic test water and conduct corrective action pursuant to OCD Rule 29 (19.15.29 NMAC).

Ms. Ritchie
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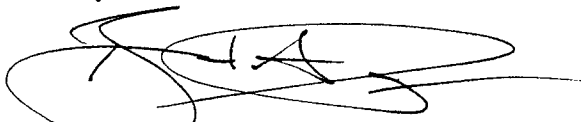
It is understood that the hydrostatic test will begin approximately May 6, 2013. This temporary permission will expire within 120 calendar days of its issue date. Temporary permission may be revoked or suspended for violation of any applicable provisions and/or conditions.

This permit will not become effective until OCD receives the temporary permission fee of \$150.00 pursuant to 20.6.2.3114 NMAC. Please make the check payable to the Water Quality Management Fund.

Please be advised that approval of this request does not relieve Encana of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve Encana of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad A. Jones', with a large, loopy flourish extending from the end of the signature.

Brad A. Jones
Environmental Engineer

BAJ/baj

Cc: OCD District III Office, Aztec
Mr. Wesley Rogers, Encana Oil & Gas, Inc., 6584 E. Milan Street, Farmington, NM 87402